



AUDIT REPORT: DEPARTMENT OF NATURAL RESOURCES

Audit Report. The Auditor of State released the [FY 2016 Audit Report](#) for the Department of Natural Resources (DNR) on September 5, 2017. The following conditions were reported, recommendations were made, and responses were given by the DNR.

Uncollectable Accounts. For the year ended June 30, 2016, the DNR reported an accounts receivable balance of \$374,000 for administrative penalties and \$979,000 for assessed damages. This included amounts dating back to 1997. The audit recommended that the DNR establish policies and procedures related to allowances for doubtful accounts. The DNR responded that it will work to evaluate the likelihood of the collectability of administrative penalties and liquidated damages.

Statutory Code Findings. The following findings were reported related to Iowa Code compliance:

- There is no Compliance Advisory Panel as required in Iowa Code section [455B.150](#) and the federal Clean Air Act. The DNR responded that there are no current appointments to the panel and, when the appointments are made by the Governor, the panel will reconvene.
- There have been no random public works inspections by the DNR as required by Iowa Code section [455B.174](#). This includes inspections of work completed by cities or counties. The DNR responded that city and county water authorities have permitting authority. The authorities submit quarterly reports that are reviewed by the DNR.
- There has been no implementation of the Agricultural Easement Program as required by Iowa Code section [456B.11](#). The Program is to be used for the acquisition of wetlands and conservation easements around wetlands that result from the closure of agricultural drainage wells. The DNR responded that acquiring highly productive farmland, either by easement or purchase, is expensive and the DNR must rely on federal programs to accomplish this work. The DNR also responded that landowners are usually interested in continuing to farm the land in the drainage area rather than restore wetlands. The DNR will again work to rescind this section in the upcoming legislative session.
- The Department has not completed the Inventory of Protected Wetlands as required in Iowa Code section [456B.12](#). This includes listing wetlands and marshes of each county and making preliminary designations as to which constitute protected wetlands. The DNR responded that the Program was never established because current federal regulations exceed the protection this Iowa Code requirement offers. The Department stated that this wetland classification is outdated and fails to recognize other wetland types, such as forested wetlands, fens, and sedge meadows.

Targeted Small Business. Iowa Code section [73.16](#) requires the Director of each State agency that has purchasing authority to establish a procurement goal for certified targeted small businesses each fiscal year, in cooperation with the Targeted Small Business (TSB) Marketing and Compliance Manager of the Iowa Economic Development Authority (IEDA). The procurement goal shall include the procurement of goods and services, including construction but excluding utility services. The TSB procurement goal for the DNR for fiscal year 2016 was not set at a level exceeding the fiscal year 2015 actual TSB spending. The Department stated that it will ensure the goals be implemented in the future.

Responses Accepted. The Auditor of State accepted the DNR responses.

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